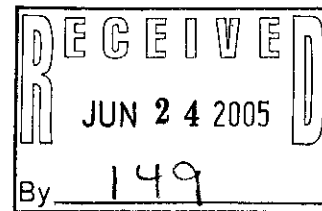




PremierWest

BANK

People doing business with people.



June 16, 2005

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Re FiL-22-2005
Classification of Commercial Credit Exposures

Dear Mr. Feldman

The changes proposed in FiL-22-2005, "Classification of Commercial Credit Exposures" would not be a benefit to PremierWest Bank. Our current risk rating system is based on industry "best practices" and provides us with sufficient insight to our problem assets. We believe we understand the risk in our portfolio. Changing the classification system as proposed will not help us evaluate the risk any better.

Adding "granularity" to our current classification system would actually lead to some confusion on the part of our lending staff. It would provide opportunities to incorrectly judge the condition of our problem loans and add an additional monitoring burden to Credit Administration.

The proposed system would also increase the complexity of the analysis regulators perform on our institution. We see that as an additional burden in the increased funding needs of the regulatory agencies, the increase in time spent on-site by the examiners and the increased time lost to discussions with our auditors and the regulators. Section 404 of the Sarbanes Oxley Act already added a government burden to our activities. This proposal would further exacerbate our Section 404 compliance by requiring another step in our monitoring processes.

We would propose that the interagency task force in charge of this proposal withdraw it and instead concentrate on evaluating new products proposed in the industry. The risks presented by reduced underwriting standards, extended terms and limited repayment requirements, along with mismatched asset and liability practices present much greater risk to the viability of the industry. The proposed classification system would not make us better bankers and help us to better identify risk. It would not improve our judgment and it would not make us better at collecting problem assets.

Sincerely,

Jim Earley
Senior Vice President
Credit Administrator

cc Paul Hornberger, Supervisory Division, FDIC, 5000 SW Meadows, Suite 320, Lake Oswego, OR 97035
cc Floyd G. Lanter, Administrator, Consumer & Business Services, Dept. of Division of Finance, State of Oregon, 350 Winter St., NE, Rm 410, Salem, OR 97301